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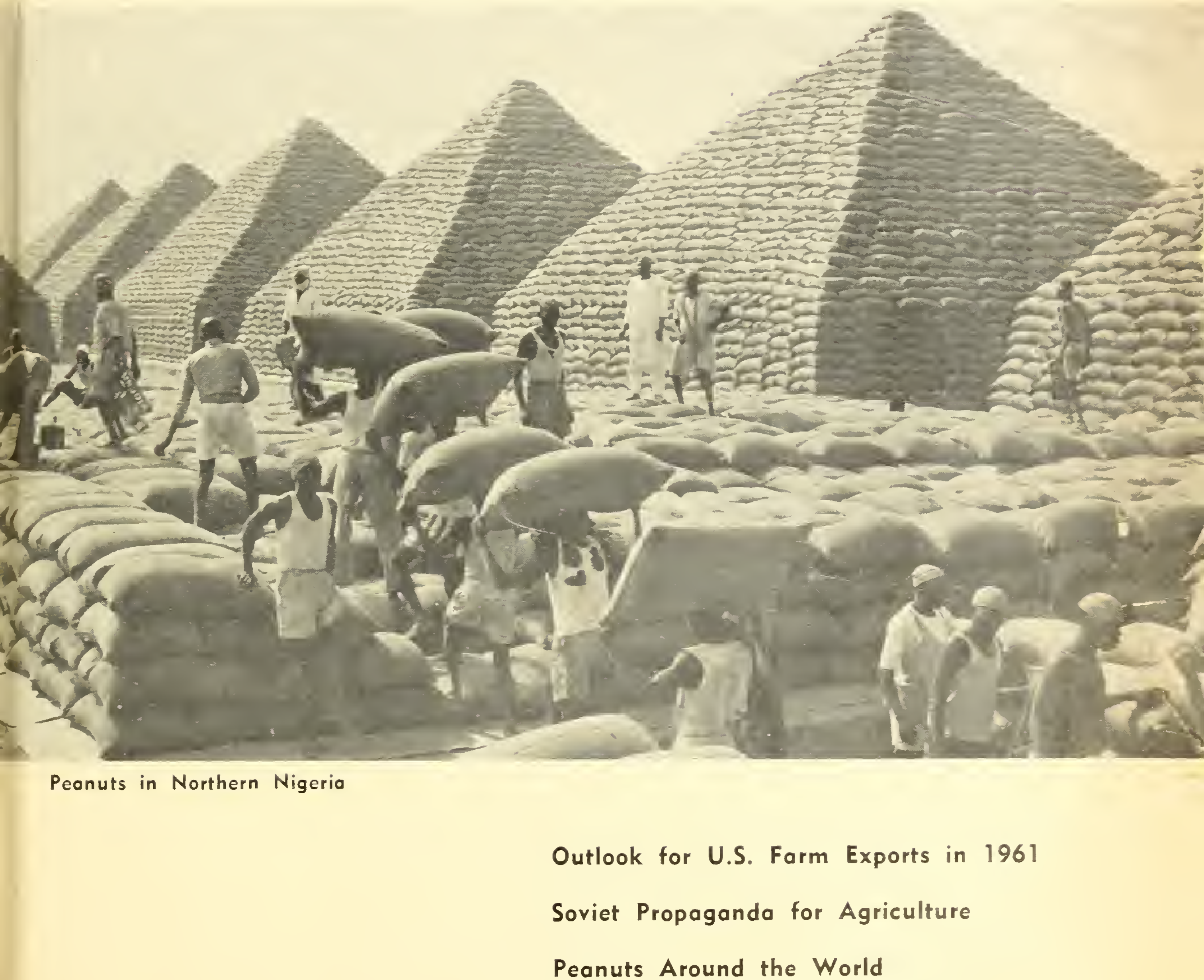
FOREIGN AGRICULTURE

December 1960



Peanuts in Northern Nigeria

Outlook for U.S. Farm Exports in 1961

Soviet Propaganda for Agriculture

Peanuts Around the World

UNITED STATES DEPARTMENT OF AGRICULTURE · FOREIGN AGRICULTURAL SERVICE

To report and interpret world agricultural developments

FOREIGN AGRICULTURE

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December 1960

Year of Independence

As 1960 draws to a close it is interesting to note that within the last 20 years more than one-fourth of the people on this planet have gained their political independence. In that time 40 new nations have been born. The number of people in these countries is over 800 million out of the estimated 2.8 billion in the world, and the land area involved measures more than 8 million square miles out of the world's 60.5 million.

In this surge of independence, 1960 broke all records. When the General Assembly of the United Nations opened this past September, 14 newly formed nations reported, 13 of them from the region that calls itself "Black Africa," with the Mediterranean island of Cyprus the 14th. Since then 3 more African countries have been admitted, bringing the total to 17 new nations in a single year.

Political repercussions have already been felt from this bloc of African republics, and in time there will be agricultural repercussions. All of these republics are agricultural countries, and some of them rank as the world's leading producers of certain farm commodities. Also, they are food importers.

As colonies, they shipped a large part of their raw materials to their mother countries and in turn bought from them most of their processed food supplies. As republics, many of them still enjoy preferential trade treatment. But the position is not quite the same. They are now free to trade where they will and, consequently, are bound to effect changes in the world agricultural market.

Cover Photograph

Peanut pyramids are a familiar sight along the railroad at Kano, Northern Nigeria, a major producer and exporter. (See articles, pp. 8, 10. Photo courtesy of Govt. of Northern Nigeria.)

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OUR FARM EXPORT OUTLOOK

In terms of historical comparisons economic health in most of the world today is generally good, and one can predict with some assurance that it will continue so during 1961.

In Western Europe, industrial expansion continues, though at a rate somewhat less than the phenomenal growth of recent years. Fiscal and monetary disciplines have been pursued responsibly. Western Europe is today and will be for the coming year both a tough competitor and a strong market for this country.

Japan continues its rapid growth and has become a major export market as well as a large supplier of goods to this country.

Business activity in Canada reached a peak in early 1960 and since then has been declining.

In Latin America, overall economic output is barely keeping ahead of rapid population growth. The relative price weakness for primary products has worked a hardship on that area and has inhibited its advance. There seems little likelihood that the terms of trade for primary products will improve appreciably during the year ahead.

In Africa, political turmoil overshadows economic developments and is likely to hold that dominant role during the coming year.

The Far Eastern countries have somewhat improved their position. Both exports and imports increased, but with the area strongly affected by the behavior of primary commodity prices, prospects for further substantial improvement are not bright. The countries of Asia, Africa, the Middle East, and Latin America will continue to need both agricultural and industrial products for which they lack foreign exchange.

The Communist Bloc continues its interest in expanding trade with the Free World, but the level of such trade remains low. In 1959, shipments to the rest of the world from European and Asiatic Bloc members combined made up only about 4 percent of total non-Bloc trade.

Agricultural Picture. In agriculture, the picture is one of unevenly distributed abundance. World food production in 1960-61 is expected to be larger than last year and above the high level reached in 1958-59.

Among the importing nations that are able to pay in dollars for what they buy, the need for imports continues. Western Europe, our biggest dollar export market for farm products, had a poor wheat crop and a good crop of feed grains. Our exports of food and feed grains during the coming year will undoubtedly reflect this situation. Japan, another large dollar market, will need to import large quantities of food grain despite its big rice crop. Dollar markets of Latin America and Canada will require large quantities of certain American farm products to supplement domestic supplies.

In many of the developing nations of Asia, the Eastern Mediterranean area, Africa, and Latin America, agricultural production continues to fall short of what is needed for good health and political stability. These major dollar-deficit countries have about 755 million people and an annual internal food deficit of perhaps 60 million to 80 million tons, in terms of wheat equivalent, to reach optimum nutritional levels.

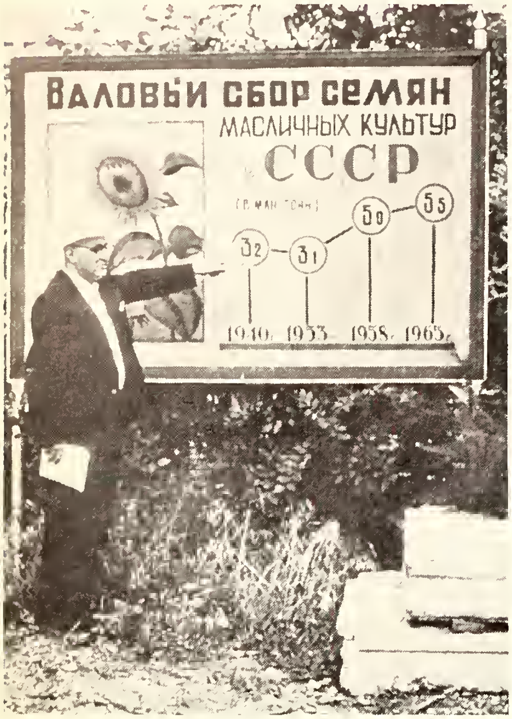
Food and fiber supplies are abundant in the major exporting countries: the United States, Canada, Argentina, Australia, New Zealand, Burma, and Thailand. These countries have about 270 million people and an annual excess of about 35 million tons of food above what now moves into consumption.

Export Prospects. The U.S. agricultural export volume in 1960-61 (year ending June 30, 1961) is expected to equal or exceed last year's record high. In value, the year's exports may approximate last year's $4.5 billion—second highest value in history. Dollar sales will probably total about $3.1 billion, while sales or shipments under government-financed programs will very likely reach $1.4 billion.

U.S. exports of wheat, including flour, are expected to equal, if not exceed, the 1956-57 record volume of 550 million bushels. Western Europe will probably increase its wheat buying, as adverse weather has reduced both quality and size of the wheat harvest there.

(Continued on page 18)

Soviets Back Up Their Farm Drive With Massive Propaganda



Highway poster shows progress the Soviet Union has made in the production of oil-bearing seeds, and cites the goal for 1965.

Lyle Webster, right, and director of Soviet experiment station near Krasnodar, study wall chart designed to spread research information.

By R. Lyle Webster
Director of Information, USDA

In the field of information, the Soviet Union supports its agricultural programs in much the same way as the United States does, but there are some big differences in content, approach, and intensity. Agricultural information as used by the Soviet Union is massive and all-pervasive while in the United States it is selective and optional. Its purpose is to help achieve government production goals in contrast to U.S. programs which are pointed toward the achievement of individual progress. And furthermore, it is all government-controlled. This means that the Soviet Government does all the things that in the United States are done by the Department of Agriculture, the land-grant colleges, and all the private media, such as the farm magazines, the newspapers, radio, and television.

These are the major observations of the U.S. agricultural information exchange team that went to the Soviet Union this past summer to study methods used in that country to disseminate information on results of agricultural research. A Soviet exchange team visited the United States in the autumn of 1960 for a similar study.

In the intensive drive to meet the production goals of the Seven Year Plan—a plan designed to catch up with or surpass the United States—the Soviet Union relies on agricultural information for two principal purposes: First, to disseminate research results as widely and rapidly as possible; and second, to encourage harder work and greater efficiency through recognition, incentive, competition, and rewards.

It is significant that the Soviets do not rely on orders alone to bring about the adoption of new methods. They readily admit that orders are not enough; that there must be understanding, enthusiasm, and acceptance of their programs if the desired agricultural goals are to be achieved. So they supplement the orders with the saturated use of propaganda to bring about the greatest possible production by collective and farm workers.

Farms, work groups, and individuals are engaged in constant competition. At the beginning of each year all farm workers take a "socialist obligation" to exceed their quotas or goals in the planned production; then they keep track during the year of how well they are meeting their obligation. In a dairy barn I saw detailed charts showing for each cow maid the amount of milk she obtained from the cows that she milked.

When a person does an outstanding job, he is recognized by having his photograph posted on the farm bulletin board, or perhaps in the nearby city. He may be written up in the newspapers or mentioned on the radio. Sometimes the reward is a trip to the All-Union Exhibition in Moscow, the permanent exhibit of achievement of the Soviet economy.

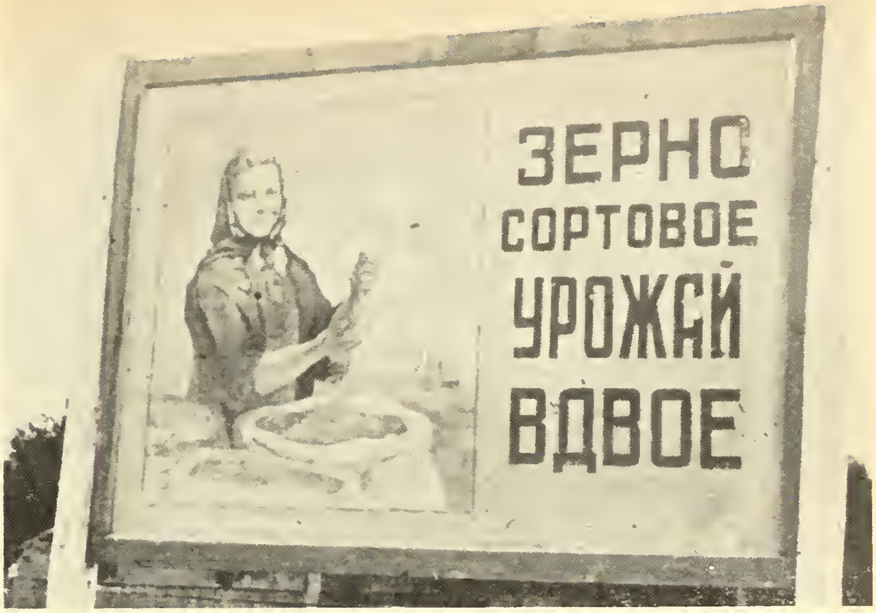
Much of the responsibility for reaching the minds of the people rests with the Ministry of Culture, which has the task of producing educational and other motion pictures, for printing posters, agricultural books, textbooks, and the like. As members of an agricultural information team, we were most interested in the use of the various media.

Publications. The Russians publish a large number of professional journals and bulletins, leaflets and brochures dealing with crops and animals. This takes place nationally in Moscow, and there is also extensive publishing in the 15 individual Republics which comprise the Soviet Union. In one office of the Ministry of Agriculture in Moscow, 34 separate agricultural journals are published. This is many more than are published in the U.S. Department of Agriculture, but it must be remembered that in the Soviet Union the government journals are all there are, while in the United States we have government periodicals but we also have a great variety of private farm magazines, agricultural journals of specialized kinds, and the like.

Press. Agriculture is an important topic in the newspapers in the Soviet Union, both nationally and locally. A daily newspaper called *Rural Life* is published in Moscow, with editions in seven other cities, and it is distributed all over the Soviet Union. This newspaper is concerned largely with agricultural production and with the problems of people on the farms. In the provincial newspapers we found that from 30 to 70 percent of the space—and prominent space at that—was devoted to agriculture, either in the form of how-to-do-it information or exhortations to the farm people to greater production, or in write-ups of outstanding individuals who had done exceptional work.

Books and Libraries. There is a large outpouring of agricultural books of all kinds. In Moscow the State Publishing House for Agricultural Literature, which is part of the Ministry of Culture, specializes principally in the publication of textbooks, while the Ministry of Agriculture deals more with periodicals and publications.

We found many libraries and book stores. We were told that there normally would be a book store in each raion center, which corresponds roughly to a county seat in the United States. Also, every collective and state farm we visited had a modest library,



"Certified seed will double your harvest," reads the signboard above, which stands by highway in USSR. Signboards are widely used there, but they advertise government programs and purposes, rather than consumer goods.

Soviet press gives much space to agriculture, including recognition of farm workers whose jobs have been outstanding (at right). Below, bookstall in Krasnodar, one of many in this and other Soviet cities.

and it appeared from inspecting borrowers' cards that fairly good use was made of them. Libraries usually had farm periodicals and newspapers.

Radio and Television. Radio reaches all farmers, either through individual sets or through individual speakers which are placed in farm homes and over which programs are "piped" from local radio centers or "knots." These wired sets, of which there are some 29 million, do not give the listener a choice of programs, except, of course, the choice of not listening. The radio fare typically consists of material from Moscow, from the capital of the local Republic, and from local sources. Where the local language is other than Russian, which is the case in many places, the programs are partly in the native language and partly in Russian.

While radio is universal, television is less widespread, but growing. There are sets available for group watching on many of the farms. Where television is operating, agricultural programs get high priority in time.

Films, Posters, Exhibitions. Visual media are used intensively. Posters appear everywhere, to encourage agricultural production, to advertise lectures, new publications, and books. Educational agricultural motion pictures are produced in large numbers, and every collective and state farm we visited had facilities for showing both educational and entertainment motion pictures on regular schedules. The Soviets have carried the permanent exhibition technique to a high level, with the most outstanding example being the All-Union Exhibition in Moscow. There are smaller exhibitions in some of the Republics, notably Kiev in the Ukrainian Republic.

Research. The content of the tremendous information activity carried on in the Soviet Union flows from the intensive research programs under way in all parts of the Union. Research is carried on widely at institutes and experiment stations to develop new varieties of crops, new and improved breeds of livestock, mechanization, and new methods of farm production. Once a new crop or breed has been tested, an official order is issued for either the whole country or the appropriate Republic or area. This order decrees the adoption of the new method or variety or breed, and the order sets forth in great detail what shall be done, when, and by whom.

To put research into practice as rapidly as possible, the Soviets use very large numbers of agricultural specialists. There are crop, livestock, engineering, and economic specialists in the Ministries of Agriculture, in the regional offices of agriculture within the Republics, in the raion or county offices, and even on the state and collective farms.

Agricultural educational institutions supply many of the needed specialists required to bring about increased production. A specialist in agriculture usually has 15 years of Russian schooling, as compared with the 16 years normally required for a college degree in the United States. Many specialists obtain their degrees through correspondence courses which are offered by the agricultural schools. One academy in Kiev reported 4,000 resident students in agriculture and 4,000 correspondence students. The correspondence courses require 6 years of study for a student to obtain a rating equivalent to a college degree.

There is a conscious effort to keep specialists, farm managers, and others in agriculture up to date on new developments. This is achieved through seminars, refresher courses in the winter, or one-day-a-week courses over a period of months. These are for specialists, farm managers, and even farm workers. We found an instance where 28 "cow maids," the girls in charge of dairy cows on a number of collective and state farms, were taking a course which the Russians, with an almost Madison Avenue touch, had labeled "the Cow Maids' University."

Russian agricultural officials have rather complete access to the press, radio, and television. Agricultural material is used by these media essentially as prepared by the agriculturalists. In the United States, editors and broadcasters pick and choose or even ignore government material submitted to them, but this does not appear to be the situation in the Soviet Union. The reason, of course, is that radio, television, and press are not outside organizations which receive government information, but are in fact a part of the government. The head of the All-Union or national radio and television committee, for example, is a member of the Council of Ministers and, thus, he participates in all major government policy decisions. In the United States a comparable situation would exist if all radio and television stations were in one government organization and if the head of the organization were a member of the Cabinet.

The Russians have adapted their operations to the different languages in the various Republics. They allow the native language to be used in press, radio, and publications, but they also circulate materials in the Russian language, use Russian on the radio and television as well as the native tongue, and require that Russian be a second language in the schools. As a result of this policy, most people who are concerned with the administration of agriculture understand the Russian language.

In assessing what all this information activity in the Soviet Union adds up to, we reached the conclusion that the Union is engaged in a tremendous effort to apply results of research to their agriculture. Russians are doing the same thing that we in the United States are doing. They are striving to develop and plant better seeds and to breed up their livestock for more efficient production, they are mechanizing their operations, and they are studying the economics of what they are doing. In the United States we say this is the way to farm better. Apparently the Russians believe us.

Mr. Webster was chairman of the U.S. Agricultural Information Exchange Team that spent a month in the Soviet Union in 1960. Other members of the team were: L. E. CHILDERS, *Chief, Current Information Branch, ARS;* A. J. NICHOLS, *Assistant Director, Foreign Training Division, FAS;* FRANKLIN THACKREY, *Director, Marketing Information Division, AMS;* ELMER B. WINNER, *Director, Division of Information Programs, FES; and Prof.* IGOR G. KOSIN, *Institute of Agricultural Sciences, Washington State University.*

Malaya Revitalizes Its Rubber Industry

By James E. Ross
Far East Analysis Branch
Foreign Agricultural Service

Above, workers, using hand tools, prepare ground for planting. Year-old rubber seedlings in background. Left, layers of this fine pale crepe rubber are used to make shoe soles.

Photos courtesy Natural Rubber Bureau

Through a well-planned planting program, the Federation of Malaya may this year have regained its former position as the world's top producer of natural rubber. Neighboring Indonesia has been a slightly larger producer for the past decade. But Malaya—a small nation not quite as large as Florida—still has provided more than a third of the world's supply.

Estimates for 1960 indicate that Malaya's production may reach 750,000 metric tons and that Indonesia's may drop to 700,000 tons.

Rubber trees were introduced into Malaya in 1877. Twenty-two plants raised in Kew Gardens, London, from seed obtained in Brazil were sent to Malaya and a few were sent to Ceylon. This small beginning led to a rubber industry which now encompasses millions of Asian acres. In Malaya alone, it presently occupies about two-thirds of the 5.5 million acres of farmland and is the main source of income for about one-third of the country's 7 million people.

After the turn of the century, development of the U.S. automobile industry set off a rubber boom. British capital flowed into Malaya and labor was brought in from India to develop rubber plantations. Malaya's contribution to the world's market increased from 200 tons in 1905 to nearly 1.2 million by 1920, when profits of stockholders reached fanciful figures.

Since 1920, when Malaya accounted for 53 percent of the world's rubber, the fortunes of the Malayan industry have fluctuated. Foreign competitors have expanded their output, forcing Malaya to examine its rubber industry. The country is now striving to improve the quality as well as increase the quantity of its rubber.

Malaya, however, is not only competing with other natural rubber producers in Southeast Asia. The Federation is involved in a far greater contest, one with industrial scientists the world over who are finding less expensive methods of producing better quality synthetic rubber. Progress in research on synthetic rubber has been tremendous and output has increased over 200 percent during the past decade. Natural rubber production in the same period rose only 10 percent.

Since rubber is of great economic importance to the Federation, the

(Continued on page 17)

Above, typical Malayan smallholder pours liquid latex into coagulating pans. Below, Chinese girl tapper collects latex.

Nigerian farmers crush sugarcane with the aid of primitive equipment and a frisky horse. The country must also import some sugar to supplement domestic supplies.

Independent Nigeria

On October 1, Nigeria's 34 million people gained independence. A fourth larger than Texas, Nigeria is the world's top exporter of shelled peanuts and the home of the famous Morocco leather.

By Ronald E. Kampe
Africa & Middle East Analysis
Foreign Agricultural Service

Of the 17 African nations that received their independence this year, Nigeria—the most populated—is the largest producer and exporter of agricultural products. Furthermore, it is starting its independent life on a politically and economically sound basis, and with a vast potential for agricultural and industrial development.

The economy of the newly formed nation depends mainly on agriculture, although some income is derived from tin, columbite, and coal, and recently from petroleum. About four-fifths of the people are engaged in farm enterprises, and 80 percent of the agricultural production is food for home use. This enables Nigeria to be virtually self-sufficient in food production, importing only about 1 or 2 percent of the calories consumed. However, farm products also account for the major part of the exports—89 percent in 1959, valued at nearly $400 million.[1]

Crops. Nigeria grows mainly cassava, yams, cocoyams, palm oil, peanuts, sorghum, millet, plantains, corn, and sweetpotatoes for home use. Large and increasing quantities of tobacco are also produced for local consumption. To supplement these, it imports sugar, wheat flour, unmanufactured tobacco, and beer. The country has a large and steadily expanding internal cash market for its agricultural products which allows surplus producing areas to sell to deficit areas.

The principal export crops are cocoa, palm oil, palm kernels, peanuts, cotton, and rubber. In fact, Nigeria is the world's largest exporter of shelled peanuts, palm kernels, and palm oil, and in 1959, these crops plus cocoa accounted for 70 percent of the value of all exports.

With a large percentage of foreign exchange depending on these crops, the economy of the country is greatly affected by world cocoa and vegetable oil prices. To protect the farmers from price fluctuations and also to promote better farming methods, regional marketing boards buy all cocoa, palm oil and kernels, peanuts, sesame, soybeans, and cotton at fixed prices. When world prices are high, these boards accumulate surplus funds, used for a wide range of development projects and also as a buffer during periods of less favorable world prices.

Farming. Farms throughout Nigeria are mostly small operations, ranging from 1 to 5 acres in the field crop areas and 4 to 30 acres in the cocoa-producing region. Land ownership is on an occupancy-rights basis and held along tribal, family, or kinship lines; tenure is administered according to local tribal customs and laws. The family farm is usually cultivated with hand tools and is limited in size to what the family itself can readily handle.

The regional governments and marketing boards, which largely control the agricultural policy of the country, are encouraging more efficient production. By offering price and tax incentives, they are also encouraging more foreign investments in plantations developed jointly by the government and private interests. These plantations are expanding both in number and size. The most significant example of this in the past few years has been the development of rubber plantations, with both government and private foreign capital. While most of these plantations are not yet in production, Nigeria (excluding Southern Cameroons) exported over 50,000 long tons of rubber in 1959, and is soon expected to be the largest rubber producer in Africa.

Agriculture varies throughout Nigeria. Palm fruit, cocoa beans, and kola nuts are grown in the Eastern and Western Regions, while the "Middle Belt" produces surplus food crops to be transported to other parts of the country to supplement locally-grown crops. Farther north, in the open plains, cotton and peanuts are grown principally for export, and sorghums, millets, beans, peas, and rice for domestic use. Most of Nigeria's large livestock population prospers in the semiarid northern section of the country where there is no tsetse fly problem. The meat is used at home, but hides and skins rank as an important item among the country's exports.

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[1] Unless otherwise stated, statistics include the British Cameroons.

Trade and Economy. The United Kingdom is Nigeria's leading customer and also the most important source of imports. It bought about half the exports and supplied the same amount of imports in 1959, when trade each way was valued at $230 million. The United States in 1959 ranked fifth in Nigerian trade, both as a purchaser and supplier. It bought $18 million worth of cocoa beans, $7 million of rubber, and $3 million of hides and skins. It sold to Nigeria 88 percent of that country's wheat flour imports, valued at $6.5 million and 77 percent of its tobacco, valued at $2.8 million.

Nigeria's economy is prosperous and active. Production is expanding and the value of exports increasing. They rose about 20 percent in 1959 over 1958 and have risen nearly four times over between 1947 and 1959.

Private capital investment is progressing at a rate 20 percent higher this year than in 1959, and will probably show an absolute gain of approximately $8 million. The buildup of gross capital will probably increase by about 15 percent in 1959-60 over the previous year. Foreign private investment is continuing, indicating the investors' confidence in Nigeria's future economic and political stability.

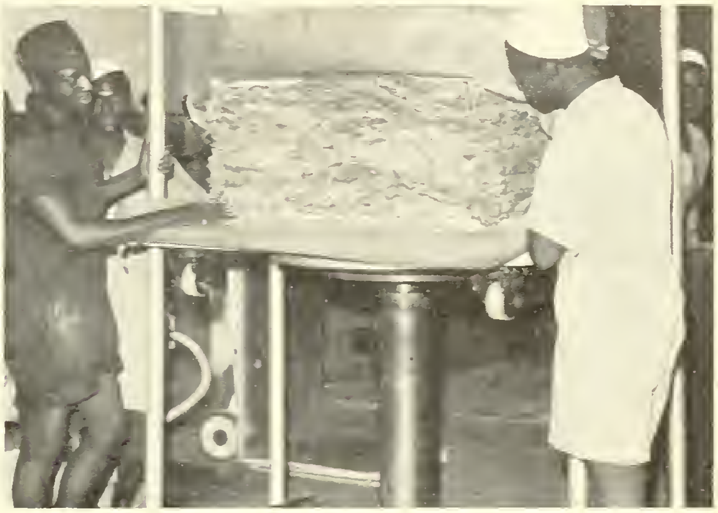
Outlook. Although industrialization—including the processing of agricultural products—is increasing, the country will probably remain primarily agricultural. Among the major reasons industry has not progressed faster are the lack of skilled labor and electric power development.

Domestic food production is expected to keep pace with the rise in population and export production will continue to expand. Only one-fourth of Nigeria's land area is presently utilized for tree and field crops, and of this one-half or more is fallow, leaving much land area available for agricultural expansion.

The country needs, however, to increase the use of improved farming methods to expand its farm output to any great degree. Increased vocational training in agriculture and the wider use of extension services would help to get the available agricultural technology to the Nigerian farmers. Expanded agricultural credit to facilitate more rapid adaptation of this technology will also be necessary.

Photos courtesy Government of Northern Nigeria

Northern Nigerian farmer examines field of growing peanut plants. Peanuts are Nigeria's No. 2 export commodity as well as a basic food item for its people.



Photos courtesy British Information Service

Above, factory workers bale tobacco leaf in new modern plant. Below, in old-type press, oil is expressed from palm fruit.

Nigeria still has a long way to go to develop its economic potential. Both technical and economic assistance are needed in virtually all areas of the economy, and the country will probably continue to look to the West for this help. But, since the investment climate is favorable for overseas capital and the political atmosphere is stable, this newly independent country can be expected to progress steadily toward its ultimate goal—higher levels of living for its large population.

Courtesy Central Office of Information, London

African workers bag peanuts at a collection center operated by a farmers' cooperative in Gambia. Peanuts are Gambia's main cash crop and its principal export.

Peanuts Around the World

By Helen Francis
Fats and Oils Division
Foreign Agricultural Service

Peanuts, which to most Americans mean fun—parties, baseball games, circuses—are a staple food for many people throughout the world. Having a high protein and oil content, they supply a share of the food needs of millions, particularly in Asia and Africa. Also, peanuts and peanut oil are important items in world trade and important competitors of U.S. soybeans and soybean and cottonseed oils in world markets.

The pattern of world trade in peanuts and peanut oil has changed considerably since World War II. Although the world has been growing larger quantities, exports did not regain their prewar level until 1955. The position of India was the main reason for this situation. Two decades ago India and China supplied over half the world's total trade, but India's foreign sales dropped rapidly after the war as larger quantities were needed for use at home. Further, the buildup of exportable supplies in other countries was slow. The major sources of surpluses in the postwar period shifted from Asia to Africa; today Nigeria, Senegal, and other parts of West Africa provide about two-thirds of total world exports.

History. The peanut—known also as the groundnut, goober, and by several other names—is a legume closely related to beans and peas, but unlike beans and peas, it develops its pods underground. Also, its high oil content makes it more like a nut than like other legumes.

Originating in South America, it was carried to Africa by Portuguese slave traders who used it for ship rations. From Africa, it migrated to North America, also aboard slave ships. Prior to the Civil War, growing and eating peanuts in the United States was confined to a small area of eastern Virginia. After the war, plant culture spread rapidly into other Southern States, probably through the influence of southern soldiers who had fought in the Virginia campaigns. Northern soldiers, who had acquired a taste for peanuts, also stimulated a market demand.

Today, about two-thirds of the world's peanut crop is crushed for oil. Peanuts supply about a fifth of the world's edible oil production, and they comprise a third of the world's trade in edible oils and oil-bearing materials. Peanut oil is one of the finest edible vegetable oils. It is an excellent salad and cooking oil and is widely used in margarine and shortening.

Peanuts are grown in virtually all tropical and subtropical and many Temperate Zone countries. About 70 percent of the global crop, however, is in India, Mainland China, Nigeria, Senegal, and other parts of West Africa. The United States, though a big producer, lags behind these areas.

India. India, the world's leading producer with an average of about 5 million short tons annually in recent years, grows peanuts mostly for crushing. The oil is the main ingredient of vanaspati, a hydrogenated cooking oil.

Peanuts are well suited to India's monsoon season, and while they cost more to grow than some other crops, they also bring higher returns. Since the inception of the Five Year Plans in 1951, the peanut acreage has expanded sharply and India plans further expansion. This future expansion will take place not only through more planted acres, but also through additional irrigation, use of more fertilizers, and other improved practices.

The growing number of people and improved standards of living in India, however, are causing a steady rise in domestic demand for peanut oil, and any increases in production will probably be used at home. Thus, India is unlikely to again be a major peanut exporter despite an urgent need for greater export earnings. On the other hand, India's foreign sales of peanut oilcake have expanded sharply in recent years, particularly since export duties have been eliminated and restrictions eased.

China. China, too, produces peanuts mainly for their oil, which is highly prized as a cooking oil. China grows about half as many peanuts as India, and output has not increased since the war even though acreage has risen markedly. In recent months, however, the Communist press has reported that the country plans to further expand acreage and adopt more improved practices.

In the last 4 years, exports from China have declined, probably because of a continuing shortage of fats and

Courtesy Government of Northern Nigeria

Specimens of peanuts are studied at the School of Agriculture in Nigeria. Peanuts and peanut oil represent almost a fourth of that country's export earnings.

Nigerian farmer poses on way to fair, where he will exhibit samples of his crop.

oils at home. Nevertheless, large shipments have been made to the Soviet Union and Eastern Europe via the Black Sea ports, and some quantities have continued to move through the Suez Canal to Western Europe.

Africa. Next to the United States, West Africa produces the world's largest volume of surplus edible oil supplies, mainly from peanuts and oil palms. Peanuts are both a big cash crop and a subsistence crop in most countries, and production is chiefly by primitive methods. In the specialized production areas of Senegal, Niger, Gambia, and the Kano area of Northern Nigeria, peanuts are a major source of cash income for farmers since there are no alternative cash crops suited to most soils in these areas. The importance of this is seen from the fact that for Nigeria, the value of peanuts and peanut oil exports represents almost a quarter of that country's total export earnings. In other parts of West Africa, the export value of peanuts and oil reaches about 40 percent, and in Gambia, it comprises well over 90 percent.

Peanut production has been made profitable in West Africa through government subsidies and producer price stabilization plans. Quality improvement in both peanuts and peanut products has made notable strides in recent years, enhancing their value in international markets. During and since World War II, crushing operations have expanded, and as a result, exports of peanut oil and oilcake have increased.

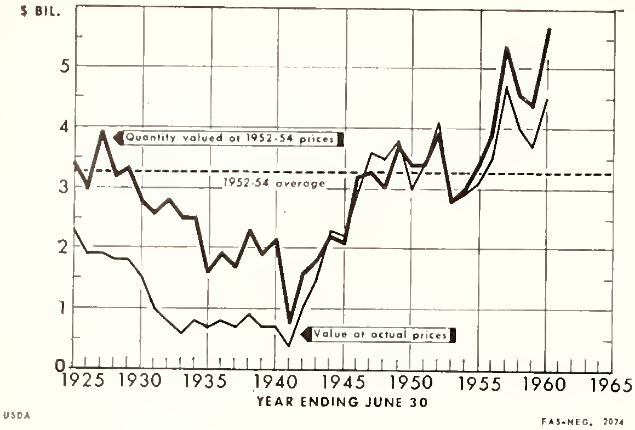
Far-reaching political and economic changes in Africa in recent months lead to the question, "Where does Africa go from here?" Expansion seems likely to continue, although not as rapidly as in the early postwar years. Where peanuts have been grown at the expense of food crops, government authorities would like to curb acreage increases and encourage food production and soil and water conservation. Higher yields of peanuts per acre will be stressed, however. Although available, improved strains of seed capable of raising yields 10 to 20 percent have not been widely used. And widespread use of artificial fertilizers, particularly phosphates, although another promising way to increase yields, has not taken place.

United States. In the United States, peanuts are grown largely for edible use in various forms. They are one of the six so-called basic crops and are therefore subject to mandatory price support. Production was encouraged during and immediately after World War II chiefly because oil supplies from the Far East were cut off and the Allied Nations sorely needed fats and oils. Since 1940, crushings of peanuts into oil have averaged about 20 percent of total output. Large quantities of peanut oil were used in margarine and shortening just prior to the war, but the rapid rise in the output of soybean oil—which sells at a much lower price—has reduced the volume of peanut oil used in these products. Since 1949, peanut production has been subject to both acreage allotments and marketing quotas.

Prior to World War II, the United States was a net importer of peanuts, but in recent years imports have largely been discouraged through a duty of 7 cents a pound (shelled) and other fees. During and since the war, the country has become a net exporter, although on a relatively limited scale. U.S. exports climbed to a peak of 362,000 tons in 1948—because of strong European demand caused by a general fats and oils shortage.

U.S. peanut producers will continue to meet the demand for high-grade edible peanuts at home. It appears likely, however, that, short of emergency conditions, only relatively small quantities will be crushed for oil.

U.S. Farm Exports Set Volume Record, Rank Second in Value, in 1959-60



THE 1961 CHART BOOK

tells farm trade story

It has been said that trade is the measure of the world's economic progress. In the Foreign Agricultural Service's new 1961 chart book, our foreign trade in farm products for the past fiscal year is set forth in measurable terms. Charts supplemented by tables tell the story of our farm exports—their volume, their value, and where they went. They also present the reverse side of this trade—what we took from foreign markets; point up our leading customers and what they bought; and give trade highlights for our most important farm commodities.

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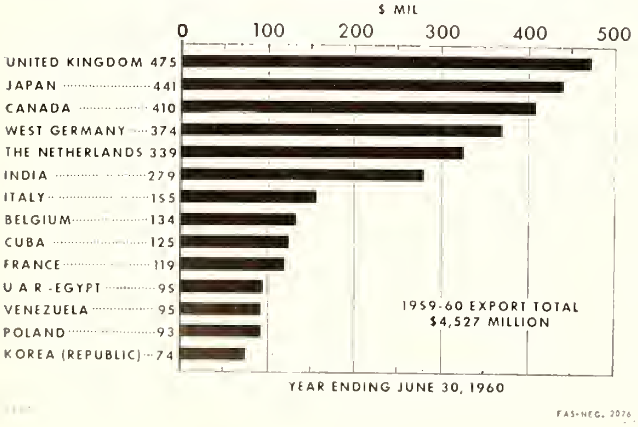
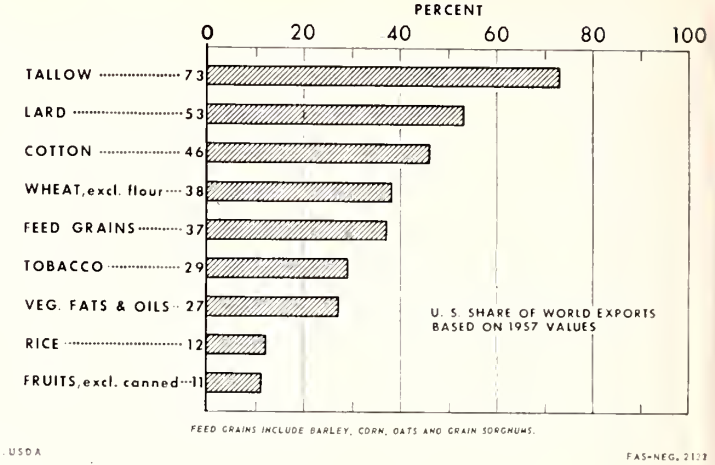
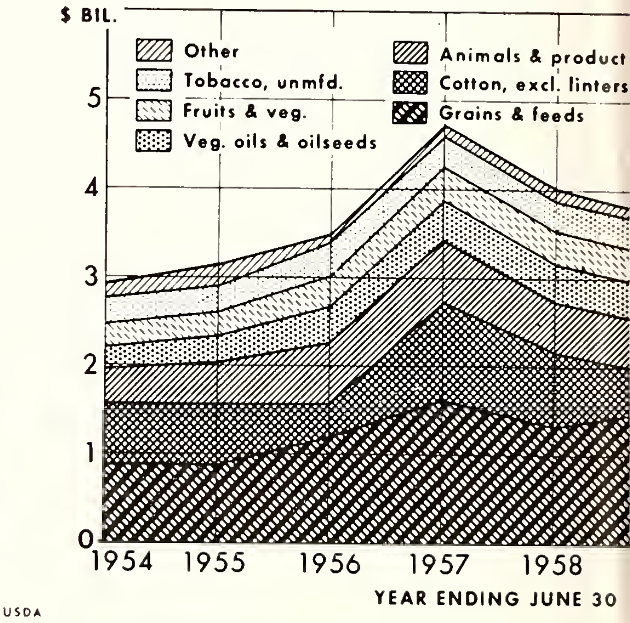
71% of U.S. Agricultural Exports Go to 14 Markets



United States Provides Large Share Of World Agricultural Exports



Grains and Cotton Comprise More Than Half Of U.S. Farm Exports



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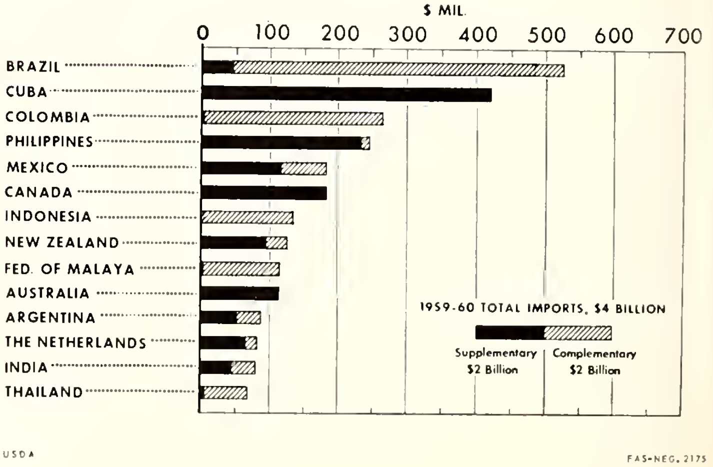
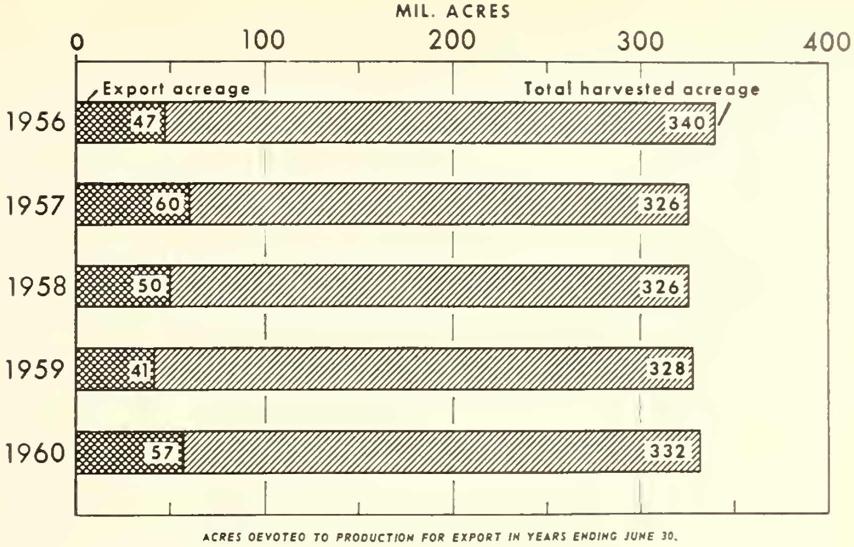


One-Sixth of Cropland In the United States Produced for Export In Fiscal 1960

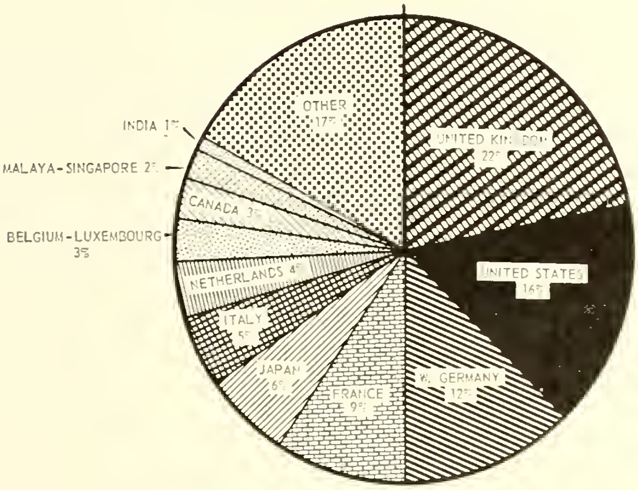


ACRES DEVOTED TO PRODUCTION FOR EXPORT IN YEARS ENDING JUNE 30.

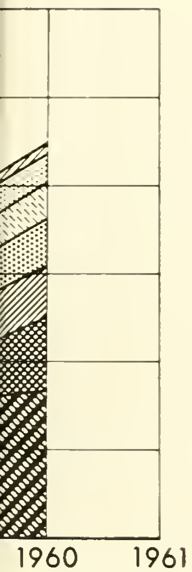
USDA

FAS-NEG. 2129

United States Is Still World's Second Largest Agricultural Importer



BASED ON IMPORTS OF 63 COUNTRIES VALUED AT $27.3 BILLION 1957



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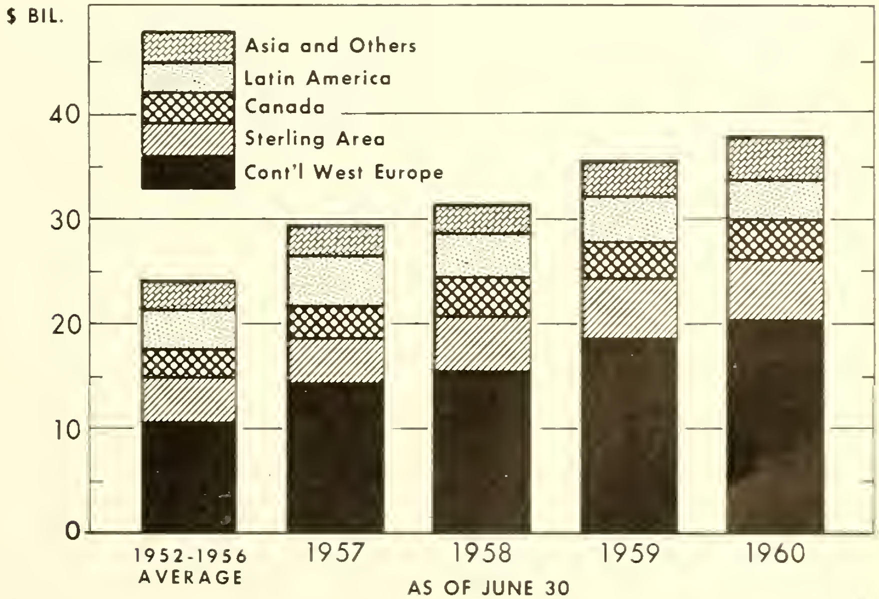
Gold and Dollar Holdings Grow in the Leading U.S. Export Markets



USDA

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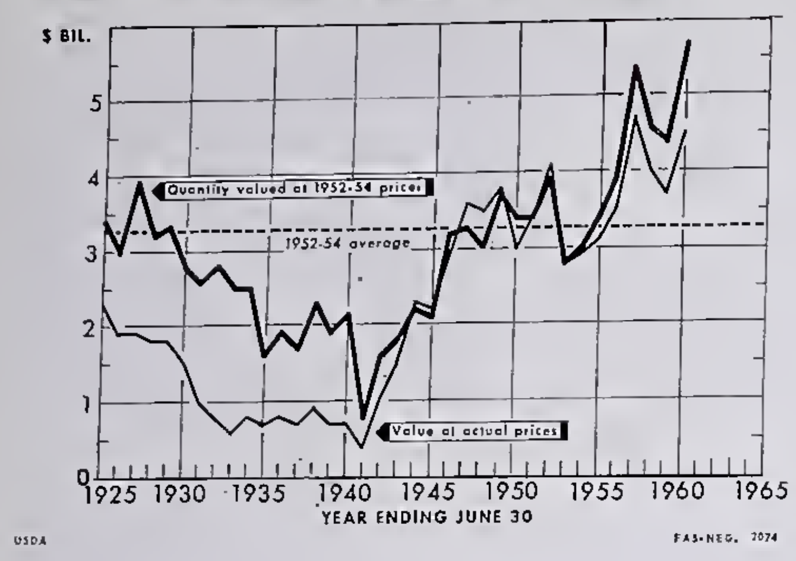
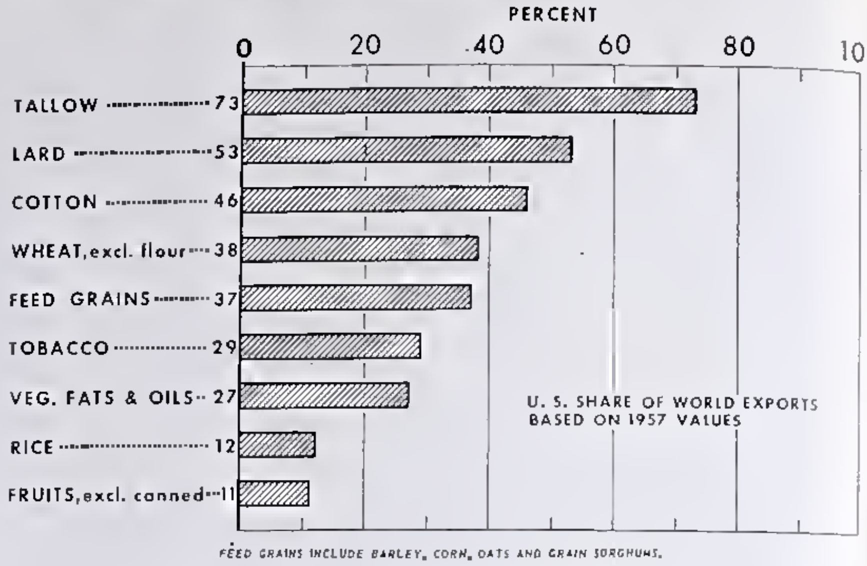


USDA FAS-NEG. 2074

United States Provides Large Share Of World Agricultural Exports



FEED GRAINS INCLUDE BARLEY, CORN, OATS AND GRAIN SORGHUMS.

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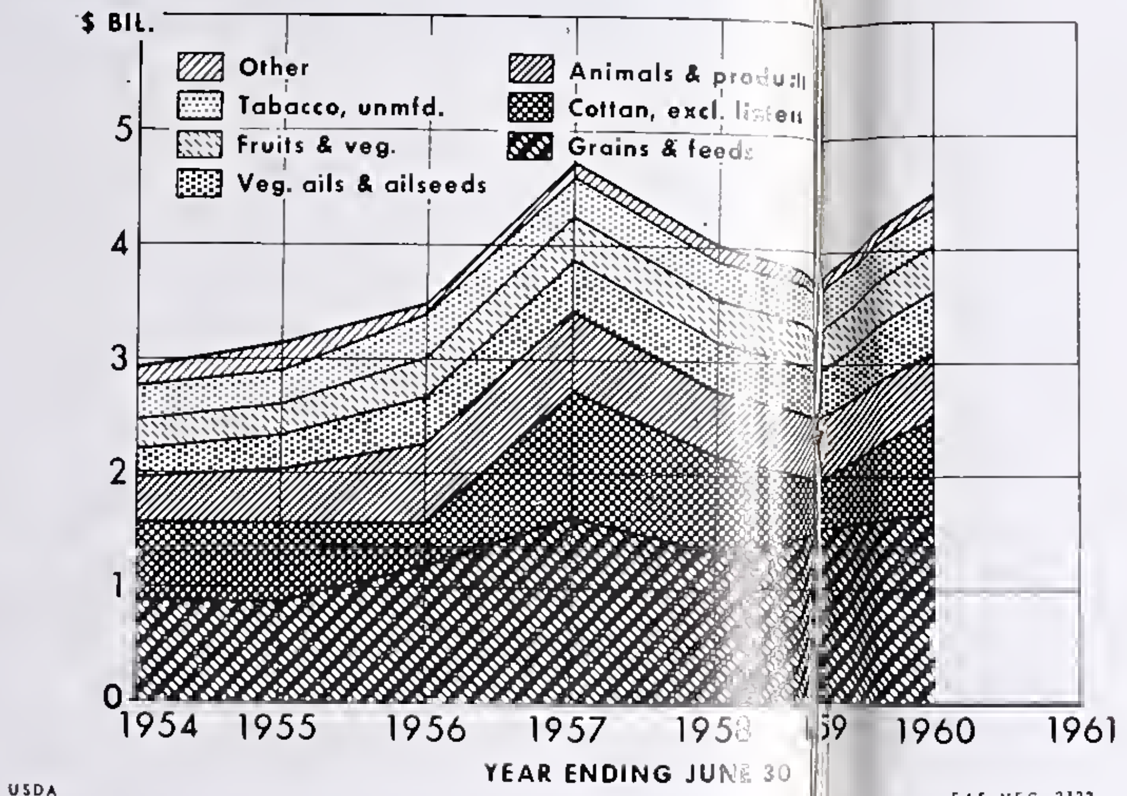

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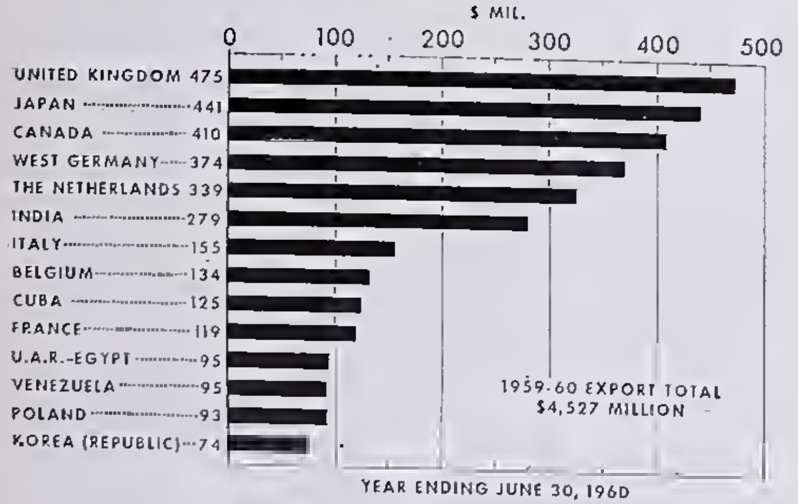

USDA FAS-NEG. 2076

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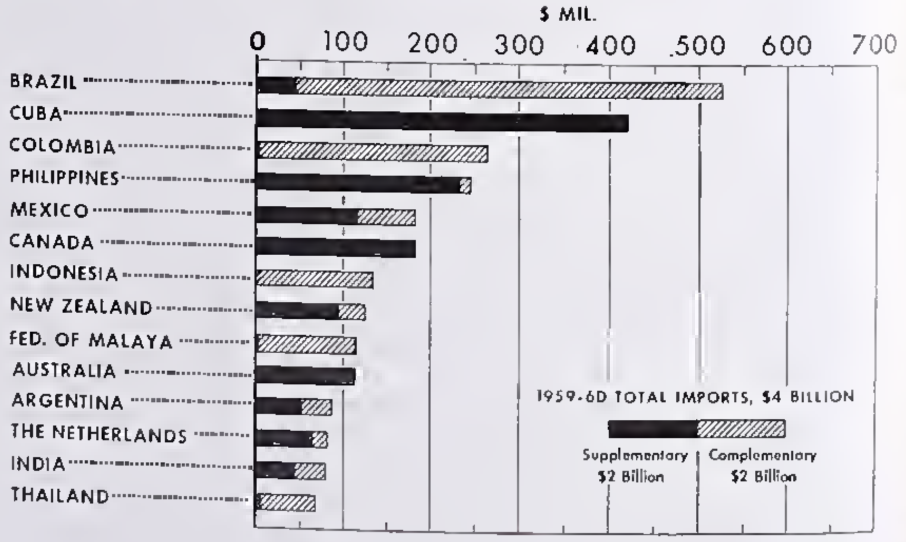

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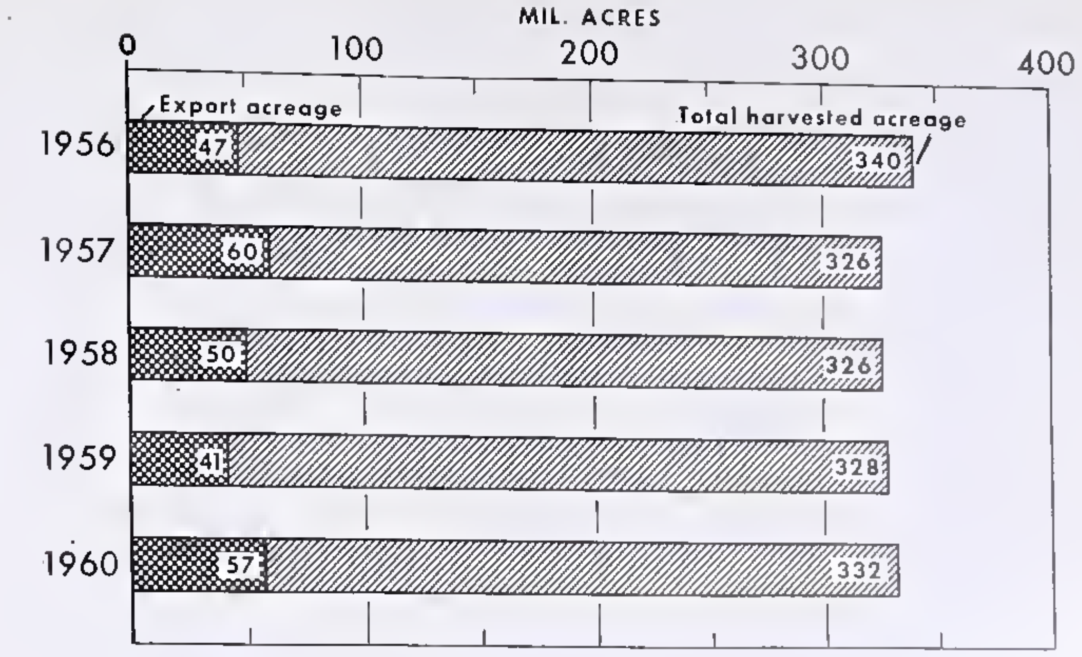

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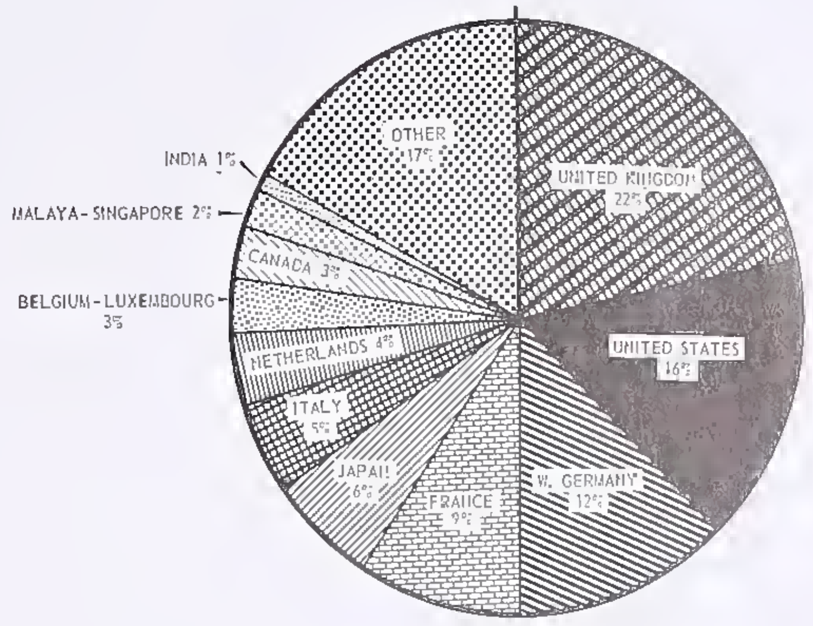

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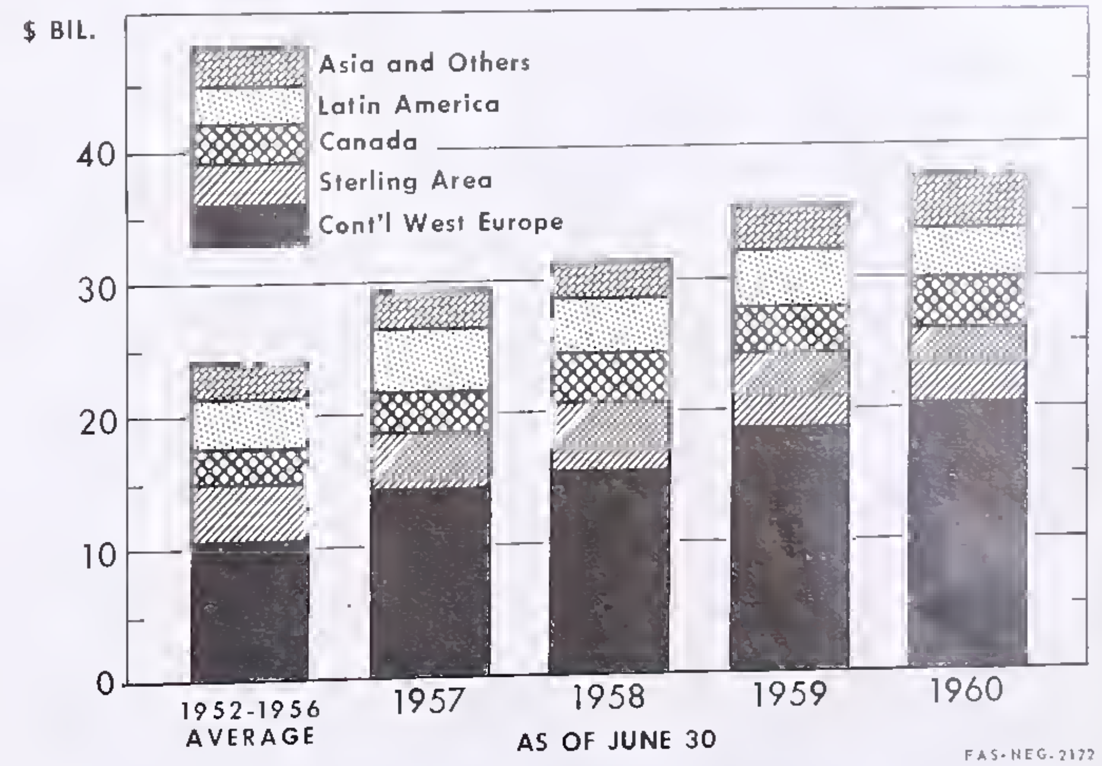

USDA FAS-NEG. 2122

USSR's Tobacco Imports Rise Sharply Reducing Supply Available to West

By John B. Parker, Jr.
Tobacco Division
Foreign Agricultural Service

The Soviet Union is the fastest rising major tobacco importer in the world today, ranking second only to the United Kingdom in the volume of its leaf trade. And although exports of U.S. leaf to the USSR are unlikely, these mounting Soviet imports are indirectly benefiting U.S. exporters and growers. By taking about 200 million pounds of leaf tobacco annually from U.S. leaf competitors—and potential competitors—the Soviet Union is removing from the important markets of Western Europe tobacco that otherwise would compete with U.S. tobacco.

Last year the Soviet Union imported 213 million pounds of leaf tobacco—15 percent more than the 186 million pounds in 1958 and 74 percent more than the 122 million pounds in 1955. And there are several reasons why these larger imports can be expected to continue.

First, the present Soviet internal policy of providing its citizens with more consumer goods is likely to allow a continuous rise in cigarette consumption. In 1959 the Soviet Union manufactured 243 billion cigarettes, approximately half the U.S. output of 490 billion pieces, but Soviet per capita consumption was less than half U.S. consumption last year—1,735 pieces compared with 3,792.

Second, because of the emphasis on livestock and certain crops, domestic tobacco production in the Soviet Union is more than 25 percent below prewar levels, and it is not increasing. (In 1959 it was down to 417 million pounds.) As a result, about one-half of the leaf used in manufacturing cigarettes is now imported.

Third, nearly half of the tobacco produced in the Soviet Union is Makhorka, a dark, strong, low-quality tobacco used largely for pipe smoking and no longer popular in cigarettes. A special high-quality aromatic tobacco grown near the Black Sea and around Sochi and Sukhumi is exported to East and West Germany and a few other countries, but in small amounts.

And last, the USSR appears to be using tobacco as an import commodity to be exchanged for Soviet petroleum, industrial equipment, and wheat. Both Bulgaria and Mainland China find it a convenient way to pay for the manufactured goods they buy from the Soviet Union.

Soviet Sources. The Soviet Union takes most of its tobacco from the Communist Bloc countries. About 70 percent of the tobacco exported by Bulgaria and Mainland China goes there; also, the country is the most important market for two small leaf exporters within the Bloc, Albania and Hungary.

Before 1940, Bulgaria exported 85 percent of its tobacco to Western Europe compared with only 10 percent in 1959, when shipments to the Soviet Union reached approximately 84 million pounds. These large purchases of Bulgarian leaf by the Soviets and poor trade relations with the Free World have prevented Bulgaria from regaining its prewar position as a tobacco supplier to Western Europe. Although most Bulgarian tobacco is the Oriental type, it would tend to displace U.S. leaf, especially in West Germany, if Bulgaria's exports to the USSR declined.

Soviet leaf imports from Mainland China fell off from a peak of close to 98 million pounds in 1957 to 80 million pounds in 1959. However, East European countries took most of what was left for export, so less than 5 percent of China's leaf entered Free World markets. Only in Egypt, which received 3.3 million pounds of Chinese leaf in 1959, did U.S. leaf run into considerable competition from Mainland China.

SOVIET UNION'S IMPORTS OF UNMANUFACTURED TOBACCO

	1956	1957	1958	1959
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Bulgaria ..	62,611	74,075	50,962	84,216
Mainland China	72,531	97,884	87,302	80,027
India	——	7,716	7,275	9,700
Greece	4,189	6,834	11,905	8,818
Hungary ..	1,323	——	5,732	5,512
Albania	4,850	6,614	6,614	4,409
Turkey	611	2,205	11,023	3,307
Other	15,482	5,511	4,585	16,975
Total	161,597	200,839	185,848	212,964

Flue-cured tobacco from Mainland China sells for less than 30 cents a pound in West Europe, and while shipments to that area have never been large, they are even smaller now. The Common Market countries imported under 1 million pounds of Chinese tobacco last year. As long as the Soviets continue to purchase over 80 percent of China's tobacco exports at a higher price per pound than the Free World, U.S. leaf markets in Western Europe and Asia are not threatened. A change in Sino-Soviet relations could of course affect the amount of Chinese tobacco offered for sale to the Free World.

The Soviet Union also imports from 20 million to 30 million pounds of leaf from the Free World annually. In 1959 about 10 million pounds of leaf were bought from India, 9 million from Greece, and 3 million from Turkey. Leaf imports from Greece and Turkey, which reached a peak of 23 million pounds in 1958, fell off sharply last year as purchases from Bulgaria increased 65 percent over the previous year.

Further, the Soviet Union apparently purchases tobacco for propaganda or political reasons in certain instances. In 1956, close to 7 million pounds of leaf were imported from Italy, but none thereafter. Soviet purchases of leaf from Yugoslavia averaged 6 million pounds annually from 1955 through 1957, but were negligible in 1958 and 1959, as Yugoslavia improved its trade and political relations with the West.

As for the future, increases in Soviet tobacco imports are likely to come largely from Communist Bloc sources. Currently the Bloc is a net importer of tobacco, and it will probably retain this status, since rising Soviet imports will absorb most of the leaf available for export by other Bloc members.

Young native cattle kneedeep in the lush vegetation of Costa Rica's improved pasturelands. To boost country's livestock industry, the government is encouraging farmers to upgrade their pastures.

Courtesy Costa Rican Ministry of Agriculture

Costa Rica's Livestock Industry

Costa Rica, which has traditionally depended on bananas, coffee, and cacao for the major share of its export earnings, is getting increasing returns from its livestock industry. In 1959, overseas sales of live cattle and frozen beef were still in fourth place in export value, but export earnings had nearly tripled over 1958.

Costa Rica has become a leader in Central America in per capita production and income, and in rate of literacy. National income has outpaced population, resulting in a constantly rising standard of living. This atmosphere of improvement has carried over into farm output and is now concentrated on livestock.

Livestock Development. Both the government and private individuals are taking considerable interest in developing Costa Rica's livestock industry. The Central Bank has requested overseas loans to expand the currently limited rural credit system. The government, striving to earn more foreign exchange via beef exports, is stimulating cattle production through artificial insemination programs, pasture improvement, disease control, and other technical assistance programs.

Export Marketing. Until 1956, Costa Rica did not authorize beef for export but, since authorization began, foreign sales have quickly gained momentum. In 1957, they totaled less than 800.000 pounds, but rose to more than 10.5 million by 1959. Exports of live cattle more than doubled between 1955 and 1958, but in 1959, they dropped below the 1955 level, probably reflecting a shift in emphasis from cattle to beef.

Each year the Costa Rican Government establishes a quota of domestic cattle that can be exported either live or as beef. To supplement local supplies for the export market, the country buys slaughter cattle from Honduras and Nicaragua. Last year, these purchases rose markedly.

The Costa Rican Meat Packing Company supplies about 85 percent of beef for export. In the last fiscal year, this company slaughtered about 30,000 head of cattle from Nicaragua and Honduras and about 10,000 head of Costa Rican cattle. The government's quota of cattle for export—both live and for beef—was 17,700 head.

The Costa Ricans, themselves, eat less than 48 pounds of beef and veal annually, compared with an average of about 90 pounds per person in the United States. No large advance in per capita consumption is forecast for the immediate future. The 4-percent annual population rise will probably offset the gains in beef output.

Traditionally, Costa Rica was a tallow importer, but as the livestock industry has progressed, the country has become self-sufficient in tallow. It even exported small amounts to El Salvador and Nicaragua in 1959, and will probably export more this year.

Hog Industry. Costa Rica's Government is anxious to expand the country's hog industry as well as cattle production. It is possible that hog numbers could double in the next 5 years, even though they declined in 1959. The 1959 drop was believed to have been precipitated by increased import duties on hog lard necessitating larger output to meet home needs.

The country bought considerably larger numbers of hogs for breeding in 1959 than in the preceding year, and the United States was the major supplier. Offsetting this gain, however, was a drop in imports of pork, bacon, and hams. Overseas purchases of pork products will probably continue to trend downward as local hog output expands.

Dairy Progress. Costa Rica's dairy industry is progressing along with its livestock industry. Dairy cattle are

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Based on information from William L. Rodman, U.S. Agricultural Attaché, Costa Rica, and the Latin American Analysis Branch, Foreign Agricultural Service.

steadily increasing in both number and quality as dairymen continue to improve management practices. New roads and transportation facilities now allow farmers to market a larger part of their output than before.

The largest dairy plant in Costa Rica is a cooperative which supplies the local market with 90 percent of its fluid milk, all its nonfat dry milk powder, over 90 percent of its ice cream, nearly 85 percent of its butter, and a small amount of cheese. There are 222 members who sell milk to the cooperative under a grade and quota system. Many of these members sell more milk than their allotment and part of this excess is bought by the cooperative at a lower price to make nonfat dry milk powder. The Consejo Nacional de Producción—an autonomous government agency—buys this powdered milk for its school lunch program, sponsored by the Ministry of Public Health. The program uses about 600,000 pounds a year, but the Consejo, reportedly, has on hand stocks of nearly 1.8 million pounds.

The cooperative, in 1959, produced several types of cheese on an experimental scale to determine market preference and potential. A cheese technician from the University of California was hired by the cooperative to teach employees how to make different varieties of cheese suited to the local market and to help organize production. Present output is limited to 200 pounds daily, but plant facilities are adequate to expand in line with demand.

A plant to produce dry milk powder is now being built by the cooperative and is scheduled to be operating fully by February. It will have a maximum capacity of 5 million pounds a year, but actual production will depend on the volume of milk available and consumer demand for dry milk powder.

Costa Rica's imports of dairy products declined over 30 percent in volume and nearly 19 percent in value in 1959. The drop reflects mainly the rise in local production. Currently, the Legislative Assembly is considering increasing import duties on dairy products to encourage consumers to use Costa Rica's own products.

Gum Rosin, One of America's Oldest Exports, Currently in Short Supply

From the earliest Colonial days gum rosin has been one of America's leading agricultural raw materials. Ships bound for England and the West Indies would carry as cargo "naval stores"—the supplies used in building and maintaining sailing vessels, among them turpentine and rosin derived from the gum of the longleaf and the slash pine. Though still used, the term "naval stores" is now something of a misnomer, for it applies only to the many products derived from pine trees. Of these, rosin and turpentine are the most important.

The United States has always been the world's largest producer and exporter of gum rosin, some years accounting for half of the rosin entering world trade. Now, for the first time in the history of the industry—except in wartime—there is a worldwide shortage of rosin. Demand has been mounting steadily; at the same time gum production has been falling off. In the 10 years from 1950 to 1960, U.S. production of gum rosin dropped 55 percent, and France, the second largest producer, may have to import rosin next year, something it has never done before, because of lowered production in the face of increased use.

Rosin's many industrial uses account for this rising demand. It is an important ingredient in the manufacture of soap, varnishes, paint, linoleum and oilcloth, waxes, polishes, and printing inks. Rosin also enters into the making of many pharmaceuticals. But its principal use is in the manufacture of size for paper and paperboard, and this perhaps more than anything else is responsible for the current shortage. Per capita paper consumption in the United States in 1952 was 400 pounds, or double what it had been in 1942. Expectations are that it will double again by 1962. And much the same thing is happening in Western Europe and the other highly industrialized areas of the world. (West Germany, the United Kingdom, the Benelux countries, Japan, and Canada are the customers for U.S. rosin.)

There are, of course, other kinds of rosin besides gum rosin, and they are to an extent interchangeable in industrial use. Yet it is doubtful if these nonagricultural rosins can be counted on to fill the widening gap between production and demand. Wood rosin is steam-distilled from old stumps of virgin pine timber, but its production has declined some 200,000 drums (517 lbs. net) in the last 5 years, and the drop will become increasingly greater as the appropriate stumpwood supply diminishes. Tall oil rosin, which became available in 1949, is a byproduct of the sulfate process of paper making. Its production now amounts to around 350,000 drums a year, and as new paper mills are built the tall oil output would naturally increase. However, most of the rosin from this source is for captive use as size for paper and paperboard, so the increased output would not mean greater availability.

This leaves only gum rosin in a position to expand. Throughout the Southern States where the industry is concentrated, only about 9 percent of the appropriate pine tree stand is now being worked for gum. Also, the great reforestation program which began some 20 years ago soon will be paying off, with millions of new trees coming into production. So great is the potential that within 5 years the production of crude pine gum could very easily double.

The problem now is price. Both turpentine and rosin have always been two of the cheapest U.S. agricultural commodities. Yet it was the low prices that curtailed operations and cut back output. Then last year, because of the rosin shortage, prices skyrocketed, halting the gum production decline. The industry found that advancing prices justified the expanded operations necessary to increase output. But in these high prices lies trouble too. Rosin is so essential to so many industries that continued high prices for gum rosin could lead to the development and use of substitute materials.

Malaya's Rubber Industry

(Continued from page 7)

problems of the industry are of concern to the government, which is playing a major role in the new-planting and replanting program. The main objective of the program is to get as many as possible of Malaya's 3.5 million acres planted to new high-yielding varieties, which have been developed at the Rubber Research Station. Ordinary rubber trees yield from 400 to 800 pounds per acre, while the new high-yielding ones produce 1,000 pounds or more. Further, they may be tapped at an earlier age. Naturally, this will lower production costs and enable natural rubber to compete more successfully with the synthetic product.

Although some replanting had been done earlier, it was not until 1955 after extensive studies, discussions, proposals, counterproposals, and numerous revitalization plans that the new program began to take shape.

Under the program, estates of 100 acres or more are given substantial subsidies and smallholders are given even larger grants for planting rubber trees. So far, however, most work on the million acres replanted, as well as on the half million acres newly planted, has been carried out by the estates.

Since about half the Federation's rubber acreage is in smallholdings, it is essential that the smallholders do their part to assure the success of the overall program. Yet, despite the additional benefits offered, smallholder applications for replanting grants lagged behind the schedule originally set for planting to be completed by 1959. The schedule has now been extended indefinitely and publicity campaigns to get more smallholders to replant have been started. These use traveling exhibitions, films, and posters to emphasize the need to replace old trees. Further, the government recently announced it will give additional grants to smallholders with 5 acres or less. These measures should give added impetus to the program; already some results are being seen.

This program will undoubtedly keep rubber Malaya's most important agricultural crop, even though the government would like to see some diversification of agriculture to make the country more self-supporting in food crops. In no other country in Southeast Asia is the difference in food and commercial crop acreage so great. Leaders of both government and industry feel it would be advantageous if the Federation were less dependent on rubber. But regardless of how much diversification takes place in the economy, those familiar with the rubber industry feel that no other industry or collection of industries can displace natural rubber in Malaya's economy.

U. S. and Canada Ship Cattle to Italy

Dr. Tommoso Toveggio of Milan smiles approvingly as his new 9-month-old U.S. bull disembarks from the plane. Bull was bought sight unseen from a Maine stud farm.

For Italian farmers one of the highlights of last spring's international agricultural fair in Verona was the big red barn where the United States told the complete story of dairy farming. Every day crowds gathered at the modern milking parlor to watch the milking of three Holstein-Friesian cows, all daughters of U.S.-bred sires, and to hear what U.S. dairy men had to say about upping milk production.

So successful was this exhibit that shortly after it was over Dr. Pietro Fossa, Manager of the Institute for Livestock Improvement in Lombardy which owns one of Italy's leading bull studs, contacted the office of the U.S. Agricultural Attaché in Rome to arrange for a visit to the United States to purchase U.S. sires. On his trip, which took him through dairy and stud farms in several States, he was accompanied by Dr. Antonio Matteazzi, Director of the Italian Holstein-Friesian Herdbook and official of the Italian Ministry of Agriculture, and Dr. Ettore Legori, State Veterinarian. Louis Menna of the Attaché's office acted as interpreter.

By fall both the Verona exhibit and this trip of the Italian livestock men began to have specific results. Late in September, 11 Holstein-Friesian and Brown Swiss bulls valued at $50,000 were flown across the Atlantic to Milan. Of these, seven were from the United States and four from Canada. Furthermore, the United States has been asked to ship 40 head of cattle next year for sale at the Verona Fair.

For U.S. breeders Italy is a comparatively new market. Italy still buys most of its breeding stock from the Netherlands, West Germany, and Switzerland, but the demand for U.S. stock is growing. In 1959, 36 percent of all cows bred by artificial insemination in Italy were bred to U.S. sires—25 percent to Holstein-Friesians and 11 percent to Brown Swiss.

IDA Now In Existence With Fifteen Members

The new International Development Association (IDA) came into being this fall, 8 months after its Articles of Agreement were opened to the members of the World Bank for signature. The first countries to join were Australia, Canada, China, Germany, India, Italy, Malaya, Norway, Pakistan, Sudan Sweden, Thailand, the United Kingdom, the United States, and Viet-Nam. Their subscriptions totaled the equivalent of $686 million.

IDA's official existence was scheduled to begin as soon as the combined subscriptions reached or topped $650 million—65 percent of the $1 billion that will be available to IDA if all World Bank members join it. Of this $1 billion, $787 million will be fully convertible.

IDA is an affiliate of the Bank. It functions under the same management, and furthers the same objective—promoting economic growth in the less developed countries. The new agency, however, can finance a wider range of projects, for it has considerable flexibility, both in the purposes for which it may provid funds and in the terms on which it may make loans.

The members of IDA are grouped according to the ways they will pay their subscriptions. One group, the more industrialized countries, will pay in gold or freely convertible currencies—10 percent to begin with, and the remaining 90 percent in five equal installments over a 5-year period. The other group contains the less industrialized countries. Each of these will also pay an initial 10 percent in gold or a freely convertible currency. Its other 90 percent, however, it will pay by installments in its own national currency; and IDA must obtain its consent before converting any of these funds into other currencies or using them to finance exports from the country.

The agency will make regular reviews of its resources—probably before the end of the first 5 years and every 5 years thereafter. It may authorize general or individual subscription increases at any time.

U.K. Our No. 1 Farm Market, Canada Next

Six foreign markets for U.S. farm products—3 in Europe, 2 in Asia, and 1 in North America—took half of all U.S. agricultural exports in 1959.

The United Kingdom retained its lead. This country buys more U.S. tobacco, lard, corn, and apples than any other country and is a major market for cotton, grain sorghums, and certain canned and dried fruits. But last year there was a slight shift in the farm items that it bought from the United States. Feed grains and fruits increased while tobacco, cotton, and wheat declined. The United Kingdom still takes one-third of all U.S. tobacco exports.

Canada moved into the No. 2 place, edging out Japan, which ranked second in both 1957 and 1958. Canada's purchases from the United States in 1959 accounted for over half its farm imports and rose from $344 million in 1958 to $385 million. Canadians depend on the United States for fresh vegetables, citrus, and other items they grow in insufficient quantities or not at all.

Japan's drop to third place was caused by a sharp, temporary decline in cotton purchases and reduced takings of U.S. grains, which were not offset by the 28-percent rise in imports of U.S. fats, oils, and oilseeds. However, the United States is still Japan's largest supplier.

The Netherlands and West Germany also changed positions in 1959. U.S. farm exports to the Netherlands jumped 50 percent to set a new record and raise that country to fourth place. Larger purchases of grains, fats, oils, and oilseeds were responsible. West German takings of U.S. feeds, fats, oils, and oilseeds were up sharply too, but smaller imports of U.S. cotton, fruits, and vegetables reduced Germany's market rating.

India maintained its position as sixth largest outlet for U.S. farm products. While its total farm imports fell below the 1958 level, an increase in imports of U.S. products—chiefly wheat—raised the U.S. share of that market from 44 percent to 60.

Our Export Outlook

(Continued from page 3)

Rice exports may be slightly below last year's 20.5 million bags, second largest on record. An expected decline in exports to Cuba may be offset somewhat by increased sales elsewhere.

Exports of animal products will probably be about 10 percent above last year's $583 million. The biggest increases are expected to be in nonfat dry milk, hides and skins, and poultry meat. Increased exportable supplies of nonfat dry milk, stepped-up U.S. cattle slaughter, and a growing foreign demand for American poultry abroad are contributing factors. Tallow shipments should surpass last year's record 1.6 billion pounds, but lard exports will probably decline as a result of decreased hog slaughter in the United States and smaller demand in Cuba.

Our cotton exports may be up slightly from the 1959-60 shipments of 6.6 million bales. Continuation of the payment-in-kind program for cotton exports will make it possible for U.S. cotton to continue to move into export markets.

Tobacco exports may be slightly above last year's 457 million pounds, export weight. Our flue-cured crop is considerably larger than last year and above average in quality; also, prices are fairly stable.

Feed grain exports may dip slightly from the 1959-60 record of 12.8 million tons; increased production of low-quality wheat in Europe may reduce that area's feed grain requirements.

Strong foreign demand for soybeans is expected to raise our soybean exports to a new high. Protein meal exports, however, will probably be somewhat reduced.

Smaller fruit exports, both fresh and processed, are expected, largely as a result of reductions in our supplies. But demand for fresh and processed fruits in Western European countries continues favorable, and there was some lowering of import restrictions by these countries in the summer and fall of 1960. Exports of dried beans and peas also will be smaller because of reduced supplies.

Starch: How It Is Used and Traded

Above, field of arrowroot is protected by palm-tree windbreak, St. Vincent. This island and the Windwards grow most of world's commercial supply. At right, Indonesians harvest cassava. More is used at home than is sold abroad.

In every corner of the world, starch is a necessity in daily living. The United States uses it in 28 groups of edible products and 43 groups of industrial products or processes.

Commercial starch is derived from a number of crops. There are the grain starches, which include corn, sorghum, wheat, and rice; roots and tubers such as potatoes, sweetpotatoes, cassava, and arrowroot; and there is also the pith of the sago palm.

U.S. starch is produced from corn, sorghum, potatoes, and wheat. Output in recent years has totaled about 5 billion pounds annually—95 percent from corn and sorghum.

The United States is also a trader in starch. In recent years, exports have exceeded imports in all years except 1954 and 1955. In 1954, imports topped exports by 65.3 million pounds and in 1955, by 1.8 million.

U.S. sales abroad have fluctuated widely in the last few years. In 1952 they totaled 66 million pounds, but went up to 183 million in 1955. In 1959, however, they were down again —to 75 million pounds. The recent drop is attributed at least partly to modernization and expansion of foreign facilities, including overseas subsidiaries of U.S. cornstarch concerns.

From 1954 to 1958 the United Kingdom was the biggest customer for U.S. starch, but purchases dropped considerably as the country added more facilities to its domestic industry. In 1959, Cuba and Canada replaced the United Kingdom as the leading market. Sweden is also an important buyer of U.S. starch.

The United States supplements its home production with several types of starches from many sources. More than 80 percent of U.S. imports last year were tapioca, which is derived from the roots of the cassava plant.

Thailand is the major supplier of tapioca to the United States and the world, although its production is smaller than that of other exporting countries. It sells more abroad because cassava is not an important part of the local diet as it is in some of the other producing countries. Also, the Thai industry is growing under a long-term agricultural program of the government. Thailand's tapioca exports have risen from 55 million pounds in 1955 to 220 million in 1959. Although the United States is the major market, Thailand also sells tapioca to Germany, the Netherlands, the United Kingdom, Singapore, Hong Kong, and Japan.

Brazil, unlike Thailand, is the world's largest grower of cassava, but uses the bulk of the crop at home to produce a flour called "farofa," which is a staple in the Brazilian diet. In the early postwar period, Brazil was the principal source of U.S. tapioca imports, but U.S. purchases have declined from 300 million pounds in 1946 to about 30 million annually in the last 3 years. Competition from Thailand has contributed somewhat to the drop. Brazilian tapioca would still be preferred for some industrial uses if price were not important.

Before World War II, Indonesia supplied nearly all the world's tapioca and was the leading source of U.S. supplies, but facilities were destroyed during the war. The industry is now being rebuilt, but exports have not regained their former importance because a large share of the crop is needed at home to fill the gap caused by short rice supplies; also, Indonesia, like Brazil, cannot meet Thai prices.

In the Malagasy Republic, cassava is second only to rice in output and it is used extensively in the local diet. The bulk of the tapioca, however, is exported—mainly to France. After further processing in France, some of Malagasy's tapioca finds its way to the United States; and the United States buys a small amount directly from Malagasy.

Last year 11 percent of U.S. starch imports were cornstarch. Most came from the Netherlands, but West Germany and Belgium were important secondary suppliers.

Although foreign production of cornstarch by country is smaller than total U.S. output, some foreign exporters rank with the United States. For example, the Netherlands grows only a small share of the corn it uses in starch, but it imports large amounts of corn to make cornstarch. The United States supplied a fourth of the Netherlands' corn imports in 1957, half in 1958, and 90 percent in 1959. The United States has also upped its purchases of cornstarch from the Netherlands from 1 million pounds in 1955 to 15 million in 1959.

The most costly starch the United States buys from abroad is arrowroot, which is used almost exclusively in food products—including food for infants and invalids. Arrowroot is produced on a commercial scale mainly in the West Indies, especially St. Vincent and the Windward Islands. Practically the entire output is exported. The United States has taken about 60 percent in recent years and the United Kingdom, Trinidad, and Canada also buy substantial quantities.

Sago starch, used mostly in textile sizing and manufacturing adhesives, is produced principally in Indonesia. It is the product of the sago palm which, after 10 to 15 years of growth, flowers and dies. Just before flowering the trunk fills with starchy pith, which is extracted and processed into sago starch. Indonesia exports most of its output—mainly to Singapore—from where it is re-exported to various consuming countries, including the United States.

In addition to these, the United States also imports small quantities of potato starch, mostly from the Netherlands—the world's leading exporter—and Denmark; and it buys minor amounts of rice and wheat starch from various European countries.

U.S. and Yugoslavia Vie for Prune Trade

About a hundred years ago a Frenchman, Pierre Pellier, brought to this country a plum tree called the *prune d'agen,* the fruit of which when dried is the prune of commercial trade. At that time France was the world's leading prune producer but, for the last 20 years, two countries—the United States and Yugoslavia—have dominated the prune business. They not only produce more prunes than any other countries in the world but they are responsible for a very large share of those that enter world trade channels. This year their exports may run up to 90 percent of the total.

Of the two countries the United States is far ahead of Yugoslavia in production, and it is unlikely that it will lose this lead. In 1959 the United States produced 144,000 short tons of prunes to Yugoslavia's 59,000 tons; and this past year the range was even wider—140,000 to 10,000.

This range narrows somewhat when it comes to exports, for the simple reason that there are more people in the United States to eat prunes than there are in Yugoslavia. Thus, out of an average crop, Yugoslavia will have some 90 percent available for export, whereas the United States can export only about one-third of its crop. As a result, foreign shipments for the 1959-60 marketing season totaled approximately 37,000 tons from the United States, as against 30,000 from Yugoslavia.

The big market for both countries is Western Europe. The United Kingdom buys the most and traditionally prefers California prunes, as do the Scandinavian countries. But Western Germany and France are also important prune importers, and in these two countries Yugoslav prunes compete with U.S. prunes.

How serious this competition will become depends, first, on the quality of Yugoslav prunes, second, on Yugoslav's planting program, and third, on that country's political relations with the Communist Bloc countries, which traditionally absorb a large share of the Yugoslav prune crop.

Western Europe has always favored U.S. prunes but, according to reports, recent shipments of Yugoslav prunes into that area compared well with those from California. The Yugoslavs are trying to adopt modern cultural practices and are building California-type dryers so that within the next 2 to 3 years they may have enough to process their entire crop. At the same time, they are engaged in an extensive planting program.

As for political relations, the record shows that the Soviet Union and the other East European Communist countries blacklisted Yugoslavia's prunes during the Stalin era when the diplomacy was strained; then in 1955 when the breach was healed, shipments were resumed, but not with any regularity. This political maneuvering affects the prune market since it determines the extent to which Yugoslav prunes will move into Western Europe to compete with U.S. prunes.

New Paraguay-Brazil Route To Aid Trade, Agriculture

A new bridge across the upper Paraná River—to be completed this month—will be the final link in a road running from Asunción, the capital of Paraguay, to the Brazilian seaport of Paranagua. Brazil is bearing the cost of the one-third-mile-long bridge. Also, Brazil has made Paranagua a free port for Paraguay, giving Paraguay another outlet to the sea. Formerly, almost all of Paraguay's overseas trade moved by river or rail through Argentina.

The new route will probably facilitate trade between Brazil and Paraguay. Within the context of the Latin American Free Trade Area, Paraguay could ship additional farm products over the new road to Brazil in return for manufactured goods.

Further, the Paraná Plateau, through which the new route runs, is largely virgin forest considered suitable for agricultural development, but hitherto handicapped by lack of good roads. In 1959, Paraguay signed an agreement with Japan to settle 85,000 Japanese workers in Paraguay over the next 30 years. Most of the land bought for these settlers is in the Paraná Plateau near the new route.

Tea plucking on one of the large plantations near Satik in Kenya, Africa's biggest tea-growing country. Right, Nandi girl pauses to smile for picture-taking.

More Tea Expected from Africa as acreage increases and new plantings mature

In the foothills of Africa, tea-growing is moving ahead faster than in any other part of the world. Output is still small—less than 10 percent of the world total—but in the last 5 years these African countries have doubled their average for the previous 5-year period. And since acreage is increasing and more new plants are entering production each year, tea may very well turn out to be a highly important moneymaker.

The tea industry in Africa is relatively new, dating from the end of the last century. Its progress was delayed by the International Tea Regulation Scheme, which came into effect in 1933 and which restricted development in order to stabilize the market. The African industry agreed to the principle of not extending tea acreage, but after World War II when the agreement came up for renewal, the African members withdrew so as to permit unrestricted expansion in their countries.

Kenya is the largest African producer. Last year its tea crop totaled nearly 28 million pounds. Nyasaland, with over 23 million pounds, ranked second, and Mozambique, with 18 million, third. Uganda, Tanganyika, the Congo, Mauritius, and Southern Rhodesia are tea producers too. For all of these countries except Mauritius, which was hit by cyclones early in January, this is the sixth consecutive year of rising production, and the outlook for 1960 is a record crop of 103 million pounds. Only a very small part of this will be sold to the United States; nevertheless, U.S. tea purchases in Africa are increasing. In 1958 they were slightly over 4 million pounds, whereas last year they were closer to 7 million, and this year may run higher.

Many African farmers in Kenya are now growing tea. Here a tea instructor explains why some leaves are poor quality.

At tea cooperative, Kenya farmer is paid cash for his green leaf tea, which is proving to be a highly profitable crop.

The African tea-growing countries have two sound reasons for upping tea production: First, to decrease their dependence on a few big crops, and second, to provide a cash income for the African farmer. Mauritius, for example, is almost entirely dependent on sugar, so tea is being given more attention as a means of diversification. Uganda, with large coffee and cotton crops, is looking to tea for this same reason.

To what extent Africa's mounting tea production is the result of expanded acreage on African-owned farms would be hard to determine, but for the African farmer tea-growing is a means away from purely subsistence agriculture. Tea was brought to Africa by European settlers and until very recently has remained a European plantation crop. Today African farmers, with small farms of a few acres, are being encouraged to plant part of their holdings in tea.

Kenya has done an excellent job in expanding African-owned tea gardens. With a limited acreage the African tea grower now has a profitable cash crop in addition to the corn and cattle which he raises for his family's use. He is even being encouraged to raise a high-quality tea which would bring him in about £100 ($280) an acre a year, on the theory that if his returns are not substantial it would not be worth his time to grow it. In addition, he gets a bonus if the high quality of his leaf is maintained.

Most of the African-owned tea gardens in Kenya are on the southern slopes of Mt. Kenya, and the man responsible for their development was G. Gamble, a Kenya agricultural officer, who began his experiments in 1944 and saw the first crop mature 6 years later. To many Mr. Gamble is a revolutionary in tea-growing. Since tea was first cultivated growers all over the world have favored shade, and no one ever seemed to question this practice. On the farms south of Mt. Kenya no shade trees are planted, since they take up valuable land as well as moisture from the soil. With the absence of shade the pruning period has been reduced to 2 years, and the spacing of the tea plants altered so as to bring in a bigger harvest.

U.N. Invites FAO Study Of Surplus Food Uses

Coordinated action by two great organizations of the United Nations family this fall gave new urgency to the effort for better and wider use of the world's abundant food supplies.

On October 27, the UN General Assembly invited the Food and Agriculture Organization to set up procedures by which, with the aid of the UN system, the largest practicable quantities of surplus food may be made available to food-deficit nations on special terms. It also invited FAO to study with appropriate agencies what better arrangements might be made for mobilizing surplus foods and distributing them in areas of greatest need, especially developing countries.

The FAO Council, just finishing its session in Rome, immediately authorized its Director-General to proceed with the actions suggested by the General Assembly. To advise him, it appointed a committee with representatives from Argentina, Brazil, Canada, France, Ghana, India, the Netherlands, New Zealand, Pakistan, Thailand, the United Arab Republic, the United Kingdom, and the United States. This group is to work closely with FAO's Consultative Sub-committee on Surplus Disposal and make its report to that committee's parent body, the Committee on Commodity Problems (CCP).

Heart of the UN resolution, which was sponsored by Canada, Haiti, Liberia, Pakistan, Venezuela, and the United States, was the invitation for FAO action. But the broad concern of UN members was evident in other sections. One recommended that the CCP and the UN's Commission for International Commodity Trade discuss this general subject at the joint meeting they are planning. Others asked for reports—from the Director-General of FAO on the action taken, and from the UN Secretary-General on what role the United Nations and the specialized agencies might play in furthering the use of food surpluses for economic development. Both reports are due to be presented in July 1961 at the next session of the UN Economic and Social Council.

Germany Is Changing Tobacco Suppliers

West Germany, the Free World's second largest buyer of unmanufactured tobacco and the second most important market for U.S. leaf, has shifted sources of supply. While the United States is still the chief single supplier, its share of the market has fallen from 46 percent in 1950-54 to only 33 percent in 1959, and when the final figures are in, this share may be down slightly further in 1960.

Other producing areas are providing strong competition. For example, from the Federation of Rhodesia and Nyasaland, Germany upped its purchases of flue-cured from 900,000 pounds in 1950-54 to 11.1 million in 1959, and in the first half of 1960 took 25 percent more than in the first half of 1959. From Japan, too, Germany bought much more (mostly burley) in the same period—4 million pounds compared with 700,000.

Furthermore, the Council of Ministers of the European Economic Community (Common Market) reportedly has agreed on a common external tariff on unmanufactured tobacco, which would place the higher-priced U.S. tobaccos at a disadvantage compared with lower-priced leaf from other areas. As a member of EEC, West Germany would have to apply this tariff on all tobacco imports from countries outside the Common Market.

Italy is the only EEC country now shipping large amounts of tobacco to Germany, but imports of burley from Italy have risen from 1.6 million pounds in 1950-54 to 9 million in 1959, and in the first half of 1960 were 33 percent above the first half of 1959. The eventual elimination of tobacco tariffs within the EEC will provide duty-free entry for Italian tobacco. In addition, the possible association of Greece and Turkey with the EEC would place their tobacco in the duty-free category.

U.S. representatives are now negotiating in Geneva. Among the principal objectives is that of easing the unfavorable effects of the present agreed EEC tariff on U.S. and other tobaccos from external sources.

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Malaya Buys More U.S. Farm Items

The Federation of Malaya bought $13 million worth of imports from the United States in the first half of 1960—nearly 65 percent more than in the comparable period of 1959. The increase has been attributed to the fact that virtually all restrictions against imports from the dollar area were removed in 1959 and 1960. The Federation buys fruits, vegetables, tobacco, dairy products, and wheat flour from the United States, while the United States imports rubber from Malaya.

Indonesia Bans Sugar Exports

Indonesia, with a small sugarcane crop, has stopped all sugar exports to assure an adequate supply of sugar for home use.

The 1960 crop is expected to be 10 to 20 percent below the 1959 output as a result of poor growing conditions, competition from other crops for land, lack of incentive to grow sugarcane, and a shortage of sugar mill technicians. As an incentive to expand output, the government has raised sugar prices and increased the wages of sugar mill employees.

Colombia Plans Exports Of Cattle and Beef

Colombia is planning to allow exports of cattle and beef, mostly to neighboring countries, as a part of a general program to step-up exports. The plan is to become effective before the end of 1960, and export quotas will be distributed through the Colombian Cattlemen's Confederation. The action represents a change in the government's attitude that there were not enough cattle to meet home needs, and that any large exports of cattle and beef would mean an undue increase in domestic prices.

The cattlemen's association expects to be authorized to allow shipments of 10,000 to 20,000 animals at a time and hopes that as many as 100,000 head can be exported during the first year. The income from annual exports of this size could run as high as (U.S.) $10 million. The Ministry of Agriculture has indicated that it hopes to use part of the proceeds to import improved breeding stock.

Spain Purchases Wheat From the United States

The Spanish Government has bought 110,000 tons of wheat for dollars from the United States. Spain, normally a wheat exporter, had a serious production setback in 1960, with a wheat crop estimated at only 3.7 million tons, compared with 4.6 million in 1959. To meet home needs, Spain will need imports totaling over 600,000 tons during 1960-61, and will probably buy additional quantities from the United States, as well as some from Canada.

Irish Beef Exports Rise Substantially

During the first half of 1960, exports of beef from Ireland totaled 45.9 million pounds—an 82-percent increase over the comparable period of 1959. The United States—still the biggest buyer—took 28 million pounds. In addition, U.S. Commissaries in Europe received 3.2 million. Britain and West Germany were the next largest markets.

The reduction in sales of Irish feeder cattle to the United Kingdom because of tuberculosis accounted for most of the increase in beef sales. Also, cattle numbers continue to rise because pastures and hay production have been exceptionally good this year.

East Germany Buys Butter From Denmark

East Germany has bought 11 million pounds of butter from Denmark, to be shipped during the next 3 months. This is the first time East Germany has bought butter from this source. Half of the total quantity is to be cold storage butter and the rest, freshly produced. Reportedly, the sale price was 35 cents a pound.

India To Boost Exports Of Peanut and Salad Oil

India has released details of its recently adopted incentive plan to boost exports of peanut oil and salad oil. Under the plan, exporters will be allowed to sell 3.5 tons of peanut cake (expeller variety) in foreign markets for each ton of peanut oil exported, or 4 tons of peanut cake for each ton of salad oil. Further, exporters of peanut and salad oils will be eligible for the first time to receive import quotas for cocoanut oil and palm oil, which previously could be imported only by the users. Thus, by exporting the peanut cake and selling imported coconut and palm oil at home, peanut and salad oil exporters can make up the losses incurred by exporting peanut and salad oil at world prices which are below those applying in India.

Danish Poultry Competing With U.S. Birds in Germany

Danish poultry exports of 68.3 million pounds in the year ended June 1960 set a new record, 24 percent above those of a year earlier. Production was also at an alltime high—105.8 million pounds. About 86 percent of the year's increased output was exported, primarily to West Germany in direct competition with U.S. poultry meat. Most of the gain in both output and foreign sales took place in the last half of the year.

Production in the year ending in June 1961 is now expected to reach 128 million pounds. The uptrend in exports is also expected to continue with a possible total of about 88 million pounds forecast.

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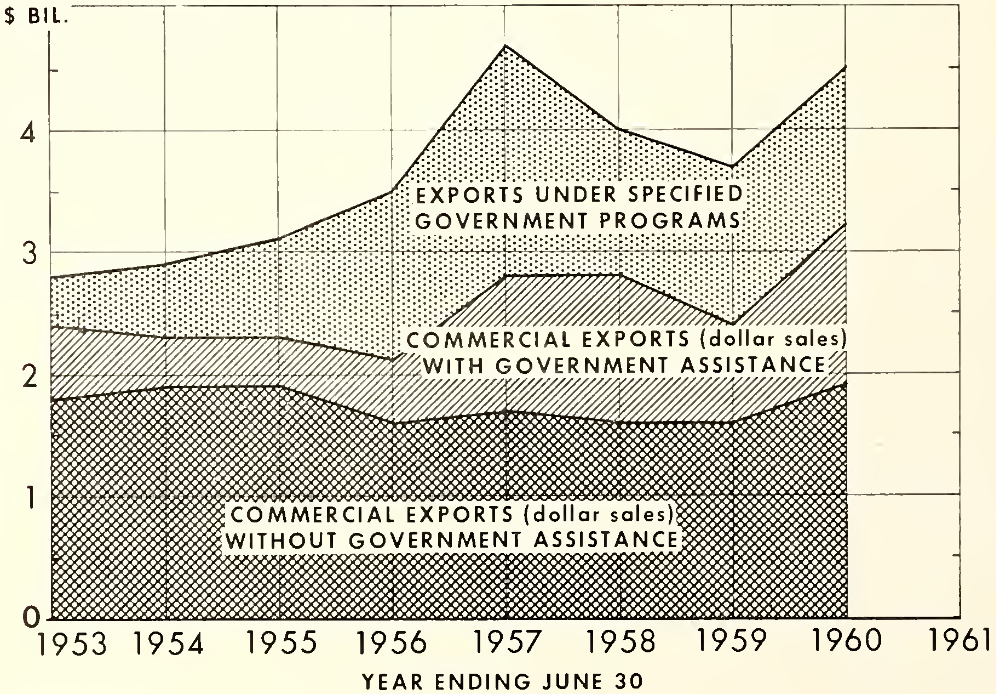
Dollar Sales Exceed 70% Of Total Farm Exports in 1959-60



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